

Testimony Of Progressive Maryland Before The Senate EHEA Committee In Favor Of SB 546 – Voluntary, Public Funding Of General Assembly Races

February 22, 2007

Thank you, Madame Chairwoman, for the opportunity to testify in favor of SB 546, a bill to create a voluntary, publicly funded way to run for the General Assembly.

My name is Sean Dobson; I'm deputy director of Progressive Maryland. Progressive Maryland defends the interests of working families.

Maryland's Campaign Finance Crisis

In so doing, we find ourselves continually fighting uphill on a political playing field steeply tilted against regular folks and tilted in favor of deep-pocket, special-interest campaign contributors.

That view of Maryland's campaign finance system is held not only by Progressive Maryland, but also indeed by most Marylanders (I will share the results of an opinion poll in just a minute). This general perception prompted the General Assembly in 2002 to create an official state study commission to examine whether indeed a problem exists and, if appropriate, recommend reforms.

The Study Commission on Public Funding of Campaigns in Maryland -- a bipartisan, blue-ribbon task force comprised of current lawmakers, former lawmakers, representatives of the State Board of Elections and State Ethics Commission, as well as prominent private citizens -- spent 18 months delving into Maryland campaign finance law and statistics and also reviewing best reform practices in the other 49 states. It issued its report in 2004.

The study commission, relying on the research of Prof. Paul Herrnson of the University of Maryland, has uncovered a terrible campaign finance crisis afflicting our state.

- Campaign contributions come from a tiny, moneyed elite. Only 1% of Marylanders can afford to give a campaign contribution of any kind. Of contributions from organizations, fully 87% come from businesses. These findings were essentially confirmed by research released today by the Progressive Maryland Education, and which you have before you as an attachment to my written testimony.
- This elite funnels the lion's share of the money to safe incumbents (often in uncompetitive, gerrymandered districts), especially to incumbents in leadership positions.

- Clearly, then, the contributions are not designed to affect elections – the outcomes of which are rarely in doubt – but instead to curry favor with the most powerful incumbents **after** the election. The contributions, in other words, are a lobbying tactic designed to improve access to lawmakers so as to affect legislation.
- True, some lawmakers refuse to grant privileged access to their big donors. But, at the institutional level, the contributions clearly create undue influence and skew legislative results. Why else would contributors give more and more money each election cycle? The research we released today reveals that in Maryland’s 2006 election, the total dollar amount of campaign contributions to candidates for state office jumped to a shocking \$93,629,572 – a 69% increase over the 2002 election.

These are the depressing facts. Not surprisingly, the public *perceives* a campaign finance problem. And the *perception* of corruption in government is almost as corrosive to democracy as real corruption. An opinion poll commissioned by the study commission and conducted by the University of Maryland found that:

- 69% believe that office holders spend too much time fundraising.
- 67% of Marylanders believe that campaign contributions exert “a great deal of influence” on policies made by the state government.
- 75% of Marylanders believe that fund raising “is a major source of corruption” (I repeat: *corruption*).

The results of this poll – which are in the study commission report -- show unmistakably a profound crisis of voter confidence in Maryland state government.

My fellow Marylanders, we’ve got a problem in our state. It’s not a Democratic problem. It’s not a Republican problem. It’s a problem undermining voter confidence in government. It’s a problem that does indeed skew legislative results too often in favor of wealthy special interests. And it’s a problem that constitutes for many of you the worst part of your job: fundraising.

The Solution: SB 546

That’s the bad news. The good news is that there **is** a solution. The study commission not only analyzed Maryland’s campaign finance problem. It also scoured all 50 states for best reform practices, hearing from dozens of witnesses from around the country, and reading dozens of reports. The study commission was especially impressed by a successful reform model in Maine and Arizona, which now has worked well through four election cycles by providing a voluntary, publicly funded way to run for office. The study commission recommends that Maryland adopt this reform because it works. This model also conforms to the preference of Marylanders as revealed by a Gonzales statewide poll conducted in October of 2005 showing that fully 73% of Marylanders support this Arizona-style public funding of campaigns (see poll results attached).

The legislation before you today, SB 546, sponsored by Sen. Paul Pinsky, is based on the study commission's recommendation. SB 546 does not implement the entire recommendation of the study commission, which proposed to cover both legislative and statewide elections. Instead, the Pinsky bill would implement the part of the report that covers elections to the General Assembly. The sponsors of the bill believe it prudent to try to phase this reform in gradually by starting only with legislative elections.

The bill would create a *voluntary*, publicly funded way to run for General Assembly, so that candidates need not take a single penny of special-interest money when running for office. Here's how the bill works:

- **The system is voluntary.** If a candidate does not want to opt in to the system, he need not. In Maine and Arizona under this reform, you may run as a traditional, privately-financed candidate.
- **Seed Money.** A citizen contemplating a run for Senate as a publicly funded candidate can spend up to \$3,500 of privately raised "seed money" to test the political waters; a potential House candidate \$2,500.
- **Qualifying for the System.** If he decides to run for Senate as a publicly funded candidate, he qualifies by collecting "qualifying contributions" of \$5 or more from approximately 350 registered voters in that district. If he runs for House in a three-member district, he qualifies the same way. For House candidates running in a two- or one-member district, he collects proportionately fewer qualifying contributions. A candidate must also raise \$6,750 under normal rules.
- **Disbursement Amounts.** If able to collect these qualifying contributions, a Senate candidate then receives \$50,000 from the state for a contested primary or \$10,000 for an uncontested primary; \$50,000 for a contested general election or \$6,000 for an uncontested general election. A House candidate receives \$40,000 for a contested primary in a three-member district (\$35,000/\$20,000 for smaller districts) or \$10,000 for an uncontested primary (\$8,000/\$6,000 for smaller districts); \$40,000 for a contested general election; \$6,000 for an uncontested general election (\$5,000/4,000 for smaller districts). Alternatively, if the candidate is running in a district where the real competition is in the primary, he may opt to receive up to 70% of his public funding disbursement in the primary; or if the real competition is in the general election, he may opt to receive up to 70% of the total disbursement in the general election.
- **Role of Political Parties.** In return for the public money, the participating candidate may not accept any private contributions, except for up to 2.5% of the total public funding disbursement in monetary or in-kind contributions from a state or local party central committee. The bill does nothing to interfere with normal party-building activities that are not candidate-specific.
- **Matching Funds.** If a privately financed opponent outspends the publicly funded candidate, the latter receives matching grants to keep pace, up to double the initial

disbursement. So that these expenditures can be monitored, non-participating candidates must report their expenditures once they pass this threshold. “Independent expenditures” negatively targeting a participating candidate or positively helping an opposing non-participating candidate can also trigger matching funds for a participating candidate.

- **Administration/Enforcement.** The money is disbursed to participating candidates from a newly created Public Election Fund administered by a new Election Financing Commission comprised of members appointed to staggered terms by the Governor. This body has the power to levy fines.
- **Flexibility.** The participating candidate may spend his public funding just as a non-participating candidate spends his private funding – i.e., on yard-signs, mailings, on his own or through a slate, etc.
- **Slates.** A participating candidate may belong to a slate, even a slate with privately financed partners. An expenditure made by such a slate shall be considered a coordinated expenditure and subject to the expenditure limit applicable to that participating candidate, calculated on a pro rata basis by dividing the entire slate expenditure by the number of candidates on that slate.
- **Cost.** The Fiscal Note is not yet available. The Fiscal Note for last year’s version of the bill, which was nearly identical to this year’s bill, estimates that the Public Election Fund will need to collect approximately \$7.5 million per year in order to finance candidates who opt into the system. That cost is easily covered by the system’s main funding source, which is not taxdollars, but instead revenue generated each year from unclaimed property that reverts to the state, such as abandoned vehicles and ownerless bank accounts. In other words, the system is not funded by tax dollars.

In Maine and Arizona, more than half of all candidates now use the publicly funded system, including nearly half of incumbents. The attached report released today by the Progressive Maryland Education Fund details how well the system functioned in the 2006 election in Maine and Arizona. The public in both states supports the reform, according to opinion polls. Republicans and Democrats support the system in Maine because it frees them from the endless money chase, allowing them to spend more time with voters. They also say it frees them to consider legislation on the merits -- without worrying about the demands of special-interest contributors. Democrats and many Republicans in Arizona (including Sen. John McCain) support the system there for the same reasons.

Finally, I would like to stress that this reform is **incumbent-friendly**. Incumbents in Maine still win about 90% of the time, just as they do in Arizona and in just about every state in the country, including Maryland. That’s because incumbents have lots of other advantages over challengers besides a fundraising edge: they have more name recognition, more and better contacts, more experience as campaigners, a proven record, etc. Progressive Maryland supports this reform not because it revolutionizes elections. Instead, we support it for the effect it has **AFTER** the election. For publicly funded candidates who win owe no favors to deep-pocket special interests. As such, they are freer to vote their conscience, consider

legislation on the merits, and spend more time talking to voters -- and less time fundraising. That's why incumbents in Maine and Arizona enthusiastically fund the system each year; that's why incumbents in Connecticut enacted this into law last year.

And bear in mind that the system as crafted by Sen. Pinsky is significantly harder to qualify for than the system in Maine and Arizona. Not only does the Maryland system require aspiring participants to raise more small qualifying contributions; it also requires them to raise \$6,750 under normal rules. There is no way a frivolous challenger could ever qualify for this system. So, if the reform has been incumbent-friendly in Maine and Arizona, it will be even friendlier here in Maryland because our system would be tougher to qualify for.

In the Year of Abramoff, voters spoke loud and clear in the 2006 election against the rising tide of special-interest money and the perceived undue influence it purchases. Opinion polls show that a major reason why Republicans lost the national election was the perception of the corrupting influence of big campaign donors and lobbyists on the GOP (e.g., Ney scandal, Abramoff Scandal, Duke Cunningham scandal, Halliburton, etc.). At the state level, multiple polls confirmed that voters liked Gov. Bob Ehrlich, but thought his Administration was too close to deep-pocket campaign contributors (e.g., BGE/Constellation, construction magnate Willard J. Hackerman, etc.). And at the local level, voters rebelled against overweening real estate developers and their big campaign contributions by electing Smart Growth candidates to county and city governments across Maryland.

By enacting SB 546, you can respond to the will of the voters. In so doing, you will kill three birds with one stone: you will reduce the undue influence of the deep-pocket special interests, restore voter confidence in government, and make your own lives better in that you will no longer spend too much time fundraising or depend on special-interest contributors whose agenda you might not support. SB 546 is not pie-in-the-sky; this is based on a proven, successful model already law in three states and tested through four election cycles. It is affordable, for the system's modest cost is covered by revenue from unclaimed property. The voters want reform. And, I suspect, most lawmakers themselves dislike the status quo. For all these reasons, Progressive Maryland urges the committee to give SB 546 a favorable report.

Madame Chairwoman, I would be happy to answer any questions.

Attachments:

- URL for study commission report: http://mlis.state.md.us/other/campaign_financing.pdf
- Report by Progressive Maryland Education Fund – released today -- comparing campaign finance in the 2006 election in Maryland versus Maine and Arizona
- Gonzales statewide poll on attitudes of Marylanders about public funding of campaigns
- 2-page summary of how SB 546 works
- *Baltimore Sun* editorial in favor of this reform
- *Washington Post* editorial in favor of this reform